

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

News Release

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**HAWAII'S SEASONALLY ADJUSTED UNEMPLOYMENT RATE AT
6.9 PERCENT IN JANUARY**

National Unemployment Rate 9.7 percent

HONOLULU - The Hawai'i State Department of Labor and Industrial Relations announced today that the seasonally adjusted unemployment rate for January was 6.9 percent, a 0.1 percentage point increase over December's revised rate of 6.8 percent. Nationally, the seasonally adjusted unemployment rate dropped to 9.7 percent in January from 10.0 percent in December. Over the last six months, Hawai'i's monthly seasonally adjusted unemployment rate has been in the range of 2.7 to 3.2 percentage points lower than the national average. There were 589,800 employed and 43,450 unemployed in January, for a total seasonally adjusted labor force of 633,250.

State of Hawai'i Seasonally Adjusted Labor Force Data			
	<u>Jan 2010</u>	<u>Dec 2009*</u>	<u>Jan 2009*</u>
Labor Force	633,250	633,550	642,100
Employment	589,800	590,250	603,750
Unemployment	43,450	43,250	38,400

* benchmarked data

**totals may not add due to rounding

	JAN 2010	DEC* 2009	JAN* 2009
<u>Seasonally Adjusted</u>			
STATE	6.9	6.8	6.0
U. S.	9.7	10.0	7.7
<u>Not Seasonally Adjusted</u>			
STATE	7.0	6.4	6.0
HONOLULU	6.0	5.3	5.2
HAWAI'I COUNTY	9.9	9.4	8.2
KAUA'I	9.1	8.7	8.8
MAUI COUNTY	8.8	8.7	7.4
Maui Island	8.5	8.6	7.3
Moloka'i	15.0	11.8	11.8
Lana'i	8.3	8.6	8.2
U. S.	10.6	9.7	8.5

county & island rates are not seasonally adjusted

* benchmarked data

This release incorporates labor force and unemployment figures for the years 1976 through 2009 for seasonally adjusted data series and for the years 2005 through 2009 for not seasonally adjusted data series that have been revised, in order to reflect additional data inputs and updated estimation techniques. The methodology used to produce this data is performed at the end of every year and is uniform across states in cooperation with the U.S. Bureau of Labor Statistics. Users should be cautious about comparing labor force and unemployment estimates for the current year to those for prior years. Hawaii's revised annual unemployment rate for 2009 was 6.8 percent, an increase of 2.8 percentage points from 4.0 percent in 2008. Between 2008 and 2009, Hawaii's rank by state dropped from 9th to 12th lowest unemployment rate.

The unemployment rate figures for the State of Hawai'i and the U.S. in this release are seasonally adjusted, in accordance with the U.S. Bureau of Labor Statistics (BLS) methodology. The not seasonally adjusted rate for the State increased to 7.0 percent in January from 6.4 percent in December. The not seasonally adjusted rate normally increases between December and January due to the winter education break and seasonal holiday hiring.

Industry Payroll Employment (Establishment Survey)

In another measure of employment, total seasonally adjusted nonagricultural jobs, which reflects the annual benchmarked revision decreased by 1,400 from 586,500 to 585,100 in January. The industries posting job gains included Trade, Transportation, & Utilities (+1,100); and Construction (+600). Financial Activities remained unchanged. The industries reporting job declines were Educational and Health Services (-200); Professional and Business Services; and Other Services (-600 each); and Leisure and Hospitality (-1,500). Government grew slightly in State Government and Federal Government.

Over-the-year, from January 2009, the seasonally adjusted job count dropped by 19,700 jobs most prevalent in the private sector. The industrial series recording job losses included Professional and Business Services (-5,200); Construction (-4,300); and Leisure and Hospitality (-3,200). The revised annual average total nonagricultural jobs for 2009 was 591,900 compared to 619,300 for 2008, a decrease of 4.4 percent or 27,400 jobs over-the-year.

Seasonally Adjusted Non-Ag. Jobs (Statewide)			
SELECTED SERIES:	Jan-10	Dec-09*	Jan-09*
MINING, LOGGING AND AND CONSTRUCTION	30,300	29,700	34,600
TRADE, TRANSPORTATION & UTILITIES	110,500	109,400	113,400
Wholesale Trade	17,700	17,600	18,300
Retail Trade	66,900	65,700	67,800
FINANCIAL ACTIVITIES	28,000	28,000	28,300
Real Estate & Rental & Leasing	11,700	11,700	11,700
PROFESSIONAL & BUSINESS SERVICES	68,700	69,300	73,900
Professional, Scientific, Tech Svcs	23,600	23,500	25,400
EDUCATIONAL & HEALTH SERVICES	75,800	76,000	74,800
Educational Services	15,200	15,400	14,800
Health Care & Social Assistance	60,600	60,600	60,000
LEISURE & HOSPITALITY	99,300	100,800	102,500
Arts, Entertainment & Recreation	10,300	10,500	11,100
Accommodation & Food Services	89,000	90,300	91,400
OTHER SERVICES	25,900	26,500	26,500
GOVERNMENT	124,600	124,200	127,600
Federal Government	33,800	33,700	32,700
State Government	72,200	71,800	76,200
Local Government	18,600	18,700	18,700
TOTAL: STATEWIDE	585,100	586,500	604,800

* Benchmarked Data

❖ **Trade, Transportation & Utilities (+1,100)**

This major industrial group recorded the largest job gain from December after declining for two consecutive months. Wholesale Trade trended up by a minimal 100 jobs in machinery, equipment and supplies merchant wholesaler. Retail Trade comprised the bulk of the sector's growth growing by 1,200 jobs in various entities such as food and beverage stores, sporting goods, hobby, book and music stores; clothing and clothing accessories stores; and gasoline stations. Meanwhile, Transportation and Warehousing fell by 200 jobs in courier and messengers; support activities for air transportation; and transit and ground passenger transportation.

❖ **Construction (+600)**

Construction reported a moderate 600-job gain, registering increases for the second month in a row. Most of the growth occurred in Special Trade Contractors in building finishing contractors; and foundation, structure, and building exterior contractors; as well as in Construction of Buildings in nonresidential building construction. Over-the-year from January 2009, the sector lost 4,300 jobs partly due to the slow construction activities and delay in projects resulting from the downturn in the economy.

❖ **Financial Activities (No Change)**

Financial Activities remained relatively unchanged in both Finance and Insurance; and Real Estate and Rental and Leasing following a minimal job gain a month earlier. In Finance and Insurance, the upturn in agencies, brokerages, and other insurance related activities was offset by the downturn in nondepository credit intermediation. In Real Estate and Rental and Leasing, the increase in consumer goods rental countered the decrease in automotive equipment rental and leasing.

❖ **Educational and Health Services (-200)**

This industrial sector edged down by 200 jobs in January. The entire job loss was in Education Services mainly in elementary and secondary schools and fine arts schools. Health Care and Social Assistance remained stable. The increase in offices of physicians helped offset by the decrease in individual and family services; and vocational rehabilitation services.

❖ **Professional & Business Services (-600)**

This industry lost 600 jobs falling for the third straight month. Professional, Scientific, and Technical Services rose by 100 jobs in management, scientific, and technical consulting services, while Management of Companies and Enterprises slipped by 100 jobs in corporate, subsidiary, and regional managing offices. Administrative and Support and Waste Management and Remediation Services registered the entire 600-job contraction in employment services; services to buildings and dwellings; and waste collection.

❖ **Other Services (-600)**

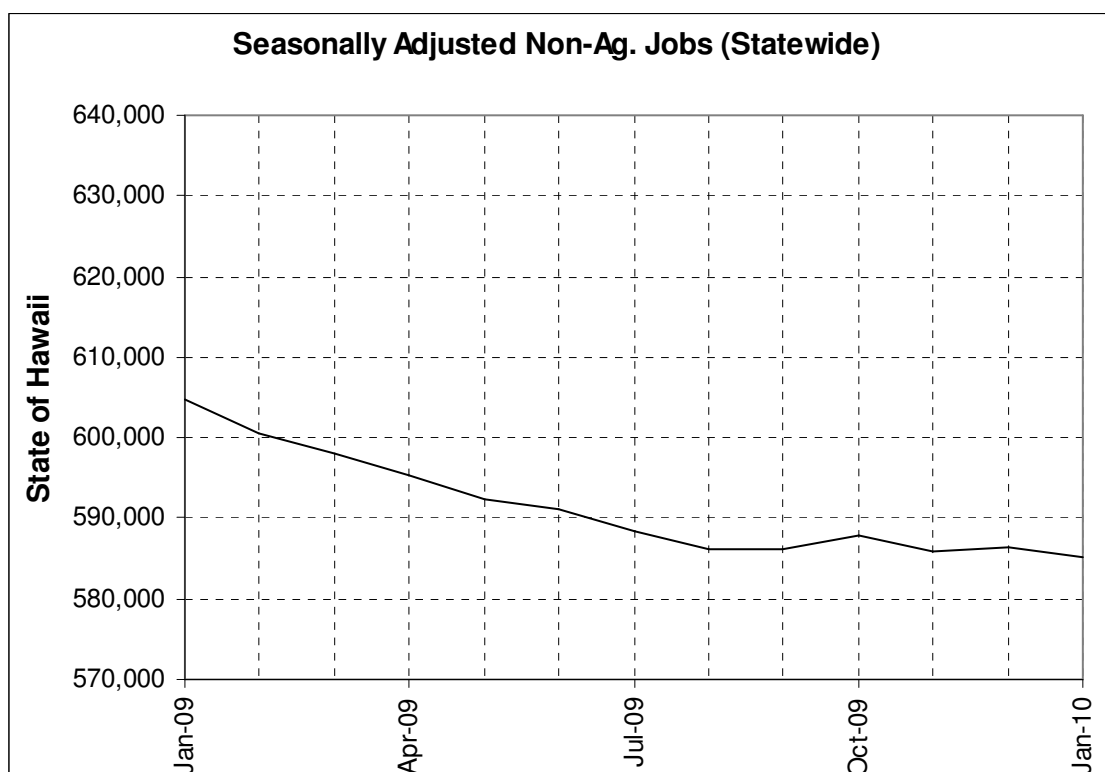
This miscellaneous group also curtailed by 600 jobs in various series such as civic and social organizations; grantmaking and giving services; automotive mechanical and electrical repair and maintenance; and business, professional, labor, political, and similar organizations.

❖ **Leisure & Hospitality (-1,500)**

Leisure & Hospitality declined by the largest margin in January, trending down for the second month in a row. Arts, Entertainment, and Recreation trimmed by 200 jobs in amusement and recreation industries; and independent artists, writers, and performers. The majority of the sector's decline occurred in Accommodation as hotels saw slight over-the month drop in international visitor arrivals and mainly in Food Services both in full-service restaurants and limited-service eating places.

❖ **Government (+400)**

Government rose slightly by 400 jobs from December. Federal Government trended up by 100 jobs, while Local Government edged down by the same number of jobs. State Government comprised the entire job gain mainly in the Department of Education.



Technical Notes

Seasonal Adjustment

The seasonal fluctuations in the number of employed and unemployed persons reflect hiring (and layoffs) patterns that accompany regular events such as the winter holiday season and the summer vacation season. These variations make it difficult to tell whether month-to-month changes in employment and unemployment are due to normal seasonal patterns or to changing economic conditions. To deal with such problems, a statistical technique called seasonal adjustment is used. This technique uses the past history of the series to identify the seasonal movements and to calculate the size and direction of these movements. A seasonal adjustment factor is then developed and applied to the estimates to eliminate the effects of regular seasonal fluctuations on the data. When a statistical series has been seasonally adjusted, data for any month can be more meaningfully compared with data from any other month or with an annual average.

Current Population (Household) Survey (CPS)

The labor force statistics are derived from a survey based on the week including the 12th of each month of Hawai'i residents with a sample size of about 1,000 households. A series of questions are asked to assess whether a person is currently part of the labor force, and if so, what is their current employment status. Employed persons consist of: 1) all persons who did any work for pay or profit during the survey reference week, 2) all persons who did at least 15 hours of unpaid work in a family-owned enterprise operated by someone in their household, and 3) all persons who were temporarily absent from their regular jobs, whether they were paid or not. Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior four weeks, and are currently available for work. Workers expecting to be recalled from layoff are counted as unemployed, whether or not they have engaged in a specific job-seeking

activity. Persons not in the labor force are those who are not classified as employed or unemployed during the survey reference week.

Changes to Local Area Unemployment Statistics Data

The 2009 labor force estimates have been revised to incorporate updated inputs, updated population controls, re-estimation of models, and adjustment to new division and national control totals. The updated population controls reflect the annual updating of population estimates by the U.S. Census Bureau.

In addition, the Local Area Unemployment Statistics program has introduced a long-run trend smoothing procedure to its seasonally adjusted data series back to January 1976 and to its not seasonally adjusted data series back to January 2005. The smoothing procedure reduces month-to-month volatility in the estimates and addresses long-standing disconnection issues related to end-of-year revisions that will enhance the analytical capability of the estimates. For more information about this topic, please see the questions and answers on the Bureau of Labor Statistics website at www.bls.gov/lau/lssaqa.htm.

Alternative Measures of Labor Underutilization

Beginning with annual averages for 2008, six alternative measures of labor underutilization for states are released on a periodic basis by the Bureau of Labor Statistics (BLS). Based on the Current Population Survey (CPS), they are compiled on a four-quarter moving average basis.

Six alternative labor underutilization state measures defined:

- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;
- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers*, as a percent of the civilian labor force plus all marginally attached workers; and

U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

Note that, in the table below, the state unemployment rates (U-3) that are shown are derived directly from the CPS. As a result, these U-3 measures may differ from the official state unemployment rates for the latest 4-quarter period. The latter are estimates developed from statistical models that incorporate CPS estimates, as well as input data from other sources, such as state unemployment claims data. Here are the 2009 annual averages released by BLS:

Alternative measures of labor underutilization by state, 2009 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	4.7	5.9	9.3	9.7	10.5	16.2
Hawaii	3.5	4.3	7.4	8.0	9.1	15.5

* Individuals who want, and are available for work, and who have looked for a job sometime in the prior 12 months (or since the end of their last job if they held one within the past 12 months), but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey, for such reasons as child care or transportation problems, for example. Discouraged workers are a subset of the marginally attached.

Based on data for the U-6 measure, Hawai'i seems to have a greater percentage of workers in the labor force (6.4 percent), which are part-time due to economic reasons than the U.S. (5.7 percent).